

FIRST REGULAR SESSION

[PERFECTED]

HOUSE BILL NO. 629

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE LEARA.

1587H.01P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 86.1270 and 86.1630, RSMo, and to enact in lieu thereof two new sections relating to retirement benefits.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 86.1270 and 86.1630, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 86.1270 and 86.1630, to read as follows:

86.1270. 1. A retirement plan under sections 86.900 to 86.1280 is a qualified plan under
2 the provisions of applicable federal law. The benefits and conditions of a retirement plan under
3 sections 86.900 to 86.1280 shall always be adjusted to ensure that the tax-exempt status is
4 maintained.

5 2. The retirement board shall administer the retirement system in a manner as to retain
6 at all times qualified status under Section 401(a) of the Internal Revenue Code.

7 3. The retirement board shall hold in trust the assets of the retirement system for the
8 exclusive benefit of the members and their beneficiaries and for defraying reasonable
9 administrative expenses of the system. No part of such assets shall, at any time prior to the
10 satisfaction of all liabilities with respect to members and their beneficiaries, be used for or
11 diverted to any purpose other than such exclusive benefit or to any purpose inconsistent with
12 sections 86.900 to 86.1280.

13 4. A member's benefit shall be one hundred percent vested and nonforfeitable upon the
14 member's attainment of normal retirement age, which shall be the earlier of:

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 (1) Completion of twenty-five years of service for Tier I members and twenty-seven
16 years of service for Tier II members;

17 (2) Age sixty for any Tier I member who has completed at least ten years of creditable
18 service or age sixty for any Tier II member who has completed at least fifteen years of creditable
19 service;

20 (3) Age seventy without regard to years of service; or

21 (4) To the extent funded, upon the termination of the system established under sections
22 86.900 to 86.1280 or any partial termination which affects the members or any complete
23 discontinuance of contributions by the city to the system. Amounts representing forfeited
24 nonvested benefits of terminated members shall not be used to increase benefits payable from
25 the system but may be used to reduce contributions for future plan years.

26 5. Distribution of benefits shall begin not later than April first of the year following the
27 later of the calendar year during which the member becomes seventy and one-half years of age
28 or the calendar year in which the member retires, and shall otherwise conform to Section
29 401(a)(9) of the Internal Revenue Code.

30 6. A member or beneficiary of a member shall not accrue a service retirement annuity,
31 disability retirement annuity, death benefit, whether death occurs in the line of duty or otherwise,
32 or any other benefit under sections 86.900 to 86.1280 in excess of the benefit limits applicable
33 to the fund under Section 415 of the Internal Revenue Code. The retirement board shall reduce
34 the amount of any benefit that exceeds those limits by the amount of the excess. If the total
35 benefits under the retirement system and the benefits and contributions to which any member is
36 entitled under any other qualified plan or plans maintained by the board of police commissioners
37 that employs the member would otherwise exceed the applicable limits under Section 415 of the
38 Internal Revenue Code, the benefits the member would otherwise receive from the retirement
39 system shall be reduced to the extent necessary to enable the benefits to comply with Section 415
40 of the Internal Revenue Code.

41 7. The total salary taken into account for any purpose for any member of the retirement
42 system shall not exceed two hundred thousand dollars per year, subject to periodic adjustments
43 in accordance with guidelines provided by the United States Secretary of the Treasury, and shall
44 not exceed such other limits as may be applicable at any given time under Section 401(a)(17) of
45 the Internal Revenue Code.

46 8. If the amount of any benefit is to be determined on the basis of actuarial assumptions
47 that are not otherwise specifically set forth for that purpose in sections 86.900 to 86.1280, the
48 actuarial assumptions to be used are those earnings and mortality assumptions being used on the
49 date of the determination by the retirement system's actuary and approved by the retirement
50 board. The actuarial assumptions being used at any particular time shall be attached as an

51 addendum to a copy of the retirement system's statute that is maintained by the retirement board
52 and shall be treated for all purposes as a part of sections 86.900 to 86.1280. The actuarial
53 assumptions may be changed by the retirement system's actuary annually if approved by the
54 retirement board, but a change in actuarial assumptions shall not result in any decrease in
55 benefits accrued as of the effective date of the change.

56 9. Any member or beneficiary who is entitled to receive any distribution that is an
57 eligible rollover distribution, as defined by Section 402(c)(4) of the Internal Revenue Code, is
58 entitled to have that distribution transferred directly to another eligible retirement plan of the
59 member's or beneficiary's choice upon providing direction to the secretary of this retirement
60 system regarding the transfer in accordance with procedures established by the retirement board.
61 **Effective for distributions made on or after January 1, 2010, a nonspouse beneficiary may**
62 **elect to directly rollover an eligible rollover distribution to an individual retirement**
63 **account under Section 408(a) of the Internal Revenue Code of 1986, as amended; to an**
64 **individual retirement annuity under Section 408(b) of the Internal Revenue Code of 1986,**
65 **as amended; or if the participant satisfies the requirements for making a Roth contribution**
66 **under Section 408(A)(c)(3)(B) of the Internal Revenue Code of 1986, as amended, to a Roth**
67 **individual retirement account.**

68 10. For all distributions made after December 31, 2001:

69 (1) For the purposes of subsection 9 of this section, an eligible retirement plan shall also
70 mean an annuity contract described in Section 403(b) of the Internal Revenue Code and an
71 eligible plan under Section 457(b) of the Internal Revenue Code which is maintained by the state,
72 political subdivision of a state, or any agency or instrumentality of a state or political subdivision
73 of a state and which agrees to separately account for amounts transferred into such plan from the
74 retirement system. The definition of eligible retirement plan shall also apply in the case of a
75 distribution to a surviving spouse or to a spouse or former spouse who is the alternate payee
76 under a qualified domestic relations order, as defined in Section 414(p) of the Internal Revenue
77 Code; and

78 (2) For purposes of subsection 9 of this section, a portion of a distribution shall not fail
79 to be an eligible rollover distribution merely because the portion consists of after-tax employee
80 contributions which are not includable in gross income. However, such portion may be paid only
81 to an individual retirement account or annuity described in Section 408(a) or 408(b) of the
82 Internal Revenue Code, or to a qualified defined contribution plan described in Section 401(a)
83 or 403(a) of the Internal Revenue Code that agrees to separately account for amounts so
84 transferred, including separately accounting for the portion of such distribution that is includable
85 in gross income and the portion of such distribution that is not so includable.

2 86.1630. 1. A retirement plan under sections 86.1310 to 86.1640 is a qualified plan
3 under the provisions of applicable federal law. The benefits and conditions of a retirement plan
4 under sections 86.1310 to 86.1640 shall always be adjusted to ensure that the tax-exempt status
5 is maintained.

6 2. The retirement board shall administer this retirement system in such manner as to
7 retain at all times qualified status under Section 401(a) of the Internal Revenue Code.

8 3. The retirement board shall hold in trust the assets of the retirement system for the
9 exclusive benefit of the members and their beneficiaries and for defraying reasonable
10 administrative expenses of the system. No part of such assets shall, at any time prior to the
11 satisfaction of all liabilities with respect to members and their beneficiaries, be used for or
12 diverted to any purpose other than such exclusive benefit or to any purpose inconsistent with
13 sections 86.1310 to 86.1640.

14 4. A member's benefit shall be one hundred percent vested and nonforfeitable upon the
15 member's attainment of normal retirement age, which shall be the earlier of:

16 (1) The attaining of the age of sixty-five or the member's tenth anniversary of
17 employment, whichever is later for any Tier I member, or the attaining of the age of sixty-seven
18 or the member's twentieth anniversary of employment, whichever is later for any Tier II member;

19 (2) For any Tier I member when the total sum of age and years of creditable service
20 equals or exceeds eighty, or for any Tier II member when the total sum of age and years of
21 creditable service equals or exceeds eighty-five; or

22 (3) To the extent funded, upon the termination of the system established under sections
23 86.1310 to 86.1640 or any partial termination which affects the member or any complete
24 discontinuance of contributions by the city to the system. Amounts representing forfeited
25 nonvested benefits of terminated members shall not be used to increase benefits payable from
26 the system but may be used to reduce contributions for future plan years.

27 5. Distribution of benefits shall begin not later than April first of the year following the
28 later of the calendar year during which the member becomes seventy and one-half years of age
29 or the calendar year in which the member retires, and shall otherwise conform to Section
30 401(a)(9) of the Internal Revenue Code.

31 6. A member or beneficiary of a member shall not accrue a service retirement annuity,
32 disability retirement annuity, death benefit, whether death occurs in the line of duty or otherwise,
33 or any other benefit under sections 86.1310 to 86.1640 in excess of the benefit limits applicable
34 to the fund under Section 415 of the Internal Revenue Code. The retirement board shall reduce
35 the amount of any benefit that exceeds the limits of this section by the amount of the excess. If
36 the total benefits under the retirement system and the benefits and contributions to which any
member is entitled under any other qualified plan or plans maintained by the board of police

37 commissioners that employs the member would otherwise exceed the applicable limits under
38 Section 415 of the Internal Revenue Code, the benefits the member would otherwise receive
39 from the retirement system are reduced to the extent necessary to enable the benefits to comply
40 with Section 415 of the Internal Revenue Code.

41 7. The total salary taken into account for any purpose for any member of the retirement
42 system shall not exceed two hundred thousand dollars per year, subject to periodic adjustments
43 in accordance with guidelines provided by the United States Secretary of the Treasury and may
44 not exceed such other limits as may be applicable at any given time under Section 401(a)(17) of
45 the Internal Revenue Code.

46 8. If the amount of any benefit is determined on the basis of actuarial assumptions that
47 are not specifically set forth for that purpose in sections 86.1310 to 86.1640, the actuarial
48 assumptions to be used are those earnings and mortality assumptions used on the date of the
49 determination by the retirement system's actuary and approved by the retirement board. The
50 actuarial assumptions used at any particular time shall be attached as an addendum to a copy of
51 the retirement system's statute maintained by the retirement board and shall be treated for all
52 purposes as part of sections 86.1310 to 86.1640. The actuarial assumptions may be changed by
53 the retirement system's actuary annually if approved by the retirement board, but a change in
54 actuarial assumptions shall not result in any decrease in benefits accrued as of the effective date
55 of the change.

56 9. Any member or beneficiary who is entitled to receive any distribution that is an
57 eligible rollover distribution, as defined by Section 402(c)(4) of the Internal Revenue Code, is
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71 under Section 457(b) of the Internal Revenue Code that is maintained by a state, political
72 subdivision of a state, or any agency or instrumentality of a state or political subdivision of a

73 state and which agrees to separately account for amounts transferred into such plan from the
74 retirement system. The definition for eligible retirement plan shall also apply in the case of a
75 distribution to a surviving spouse or to a spouse or former spouse who is the alternate payee
76 under a qualified domestic relations order, as defined in Section 414(p) of the Internal Revenue
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80 employee contributions which are not includable in gross income. However, such portion may
81 be paid only to an individual retirement account or annuity described in Section 408(a) or 408(b)
82 of the Internal Revenue Code, or to a qualified defined contribution plan described in Section
83 401(a) or 403(a) of the Internal Revenue Code that agrees to separately account for amounts so
84 transferred, including separately accounting for the portion of such distribution that is includable
85 in gross income and the portion of such distribution that is not so includable.

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